



The Pizza Times

Volume Three, Issue Three

December 1983

SENTE DEBUTS

Sente Technologies, Pizza Time Theatre's game division, officially began operations Oct. 1. The long-anticipated event also marked the return of Pizza Time's chairman, Nolan Bushnell, to the video game industry. He had been prohibited from competing with Atari—which he founded in 1972—for seven years following its sale to Warner Communications in 1976.

In his address to an enthusiastic crowd of 300 well-wishers at a Sept. 30 celebration, Bushnell commented on the state of the game industry and the outlook for Sente: "When I was at Atari, I thought we had such a strong organization that it would have been impossible for a new company to enter the business seven years later. It turns out now that the game industry is not strong. The directions in the business are not strong. The opportunities are immense. And that's what we're here for. Sente's going to work on solving the problems the industry is facing and take advantage of the opportunities."

Sente's first game will debut in December, with the entire 1983 production going to Chuck E. Cheese's restaurants. Games will be available on the open market in January.

Bob Lundquist, Sente's president, heads a staff with a long history in the video game business. Roger Hector, senior vice president of engineering, Ed Rotberg, vice president of software, and Howard Delman, vice president of hardware, were instrumental in the development of many of Atari's best games.

In addition, Victor Penman, the writer and project coordinator of "Dragon's Lair," the first laser disc video game, has recently joined the engineering staff. Ken Wagener, formerly Pizza Time Theatre's director of special projects, is marketing director for Sente.

The games will be made in the 60,000-square-foot Milpitas, Calif., manufacturing facilities, which also produces the Cyberamics for Chuck E. Cheese's restaurants. Production will be under the direction of Curt Russell, who recently joined the company as senior vice president of manufacturing.

There are also research and design facilities near the corporate offices in Sunnyvale. Sente Technologies is a wholly-owned subsidiary of Pizza Time Theatre, Inc. and employs approximately 200 people.



Roger Hector, left, Sente's senior vice president of engineering, surprised Nolan Bushnell with a mounted, open pair of handcuffs at the Sept. 30 Sente start up celebration. The cuffs symbolized Bushnell's "release" from his noncompete agreement with Atari.

New Corporate Structure For Pizza Time Theatre Inc.

During the past few months, Pizza Time Theatre Inc. has been significantly restructured to increase operating efficiencies and reduce expenses.

In September the company formed several divisions, each with its own president who reports to Nolan Bushnell, chairman of the board.

The Chuck E. Cheese's division is now headed by George Hellick, formerly senior vice president of Operations. Bob Lundquist is president of Sente Technologies. He had been vice president, Special Projects.

"The change is an evolutionary step in the growth of Pizza Time Theatre," according to Bushnell. "With the rapid growth of the company, a reorganization was necessary to better manage the restaurant operation and at the same time develop our games division."

Among the changes in the Operations Department has been the merging of the Central and Eastern Regions. Joel Petersen is now regional director for both areas. Bud Wahlstrom is the Central Division manager and Tim Mamalis is his counterpart in the Eastern Division.

John Williams is the new Western Region director. He joins Chuck E. Cheese's from the KFC Division of Hueblin and the Perkins Division of Holiday Inns, where he was most recently Western Division manager. Jay Hendrick is the Northern Division manager based out of Sunnyvale, and Skip Hall is the Southern Division manager, based out of Huntington Beach, Ca.

Jeff Hastings has been hired as marketing director. He previously was with Adolph Coors in Colorado.

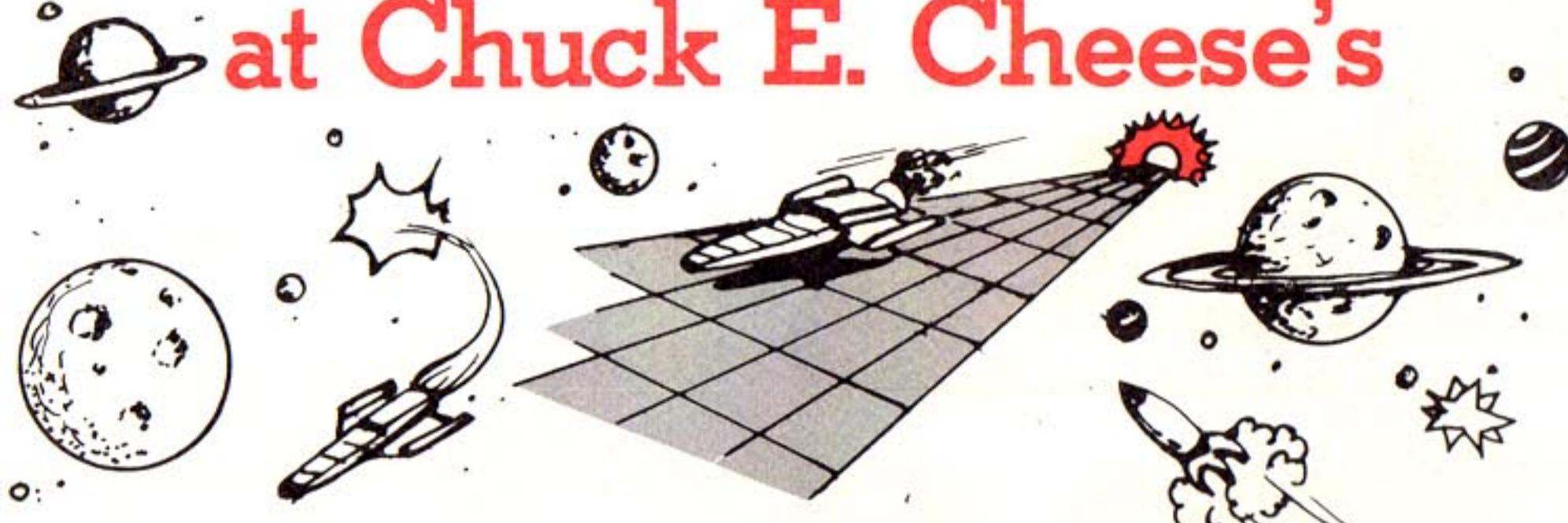
Gail McKenzie has also recently joined the company as manager of Chuck E. Cheese's Fan Club.

She had been with Disneyland's Magic Kingdom Club.

"All effort is now directed at improving our image as a family entertainment restaurant," said Hellick. "We're doing this by offering excellent food, service and entertainment at a good price value. We've conducted extensive market research, so we know what our customers want. Now it's up to us to deliver."



New Games at Chuck E. Cheese's



Several new laser disc games have begun to appear in Pizza Time Theatres. One of these, M.A.C.H. 3 by Mylstar, allows players to pilot a jet fighter or bomber and attack ground targets or engage in aerial combat. When piloting the bomber, players shoot at ground targets while maneuvering to avoid shell bursts.

Actual flight film and recorded cockpit conversations between pilots and ground stations are built into the game. These unique features make this sit-down game

very realistic to players.

Another new laser disc game recently introduced is Astron Belt by Sega. It features three different types of film, which include a space fantasy, special effects and animated footage. Astron Belt also has a "vibraseat" and stereo sound to further enhance the sensation of realism.

Other laser disc games include Cliff Hanger by Stern, and Firefox, Atari's new game based on the Clint Eastwood movie.

Salary Deferral News

On May 1, 1983 Pizza Time's Salary Deferral Plan began. The plan offers all employees over age 21 the opportunity to save up to six percent of their salary in a long-range investment and retirement program. Contributions and earnings are exempt from federal income tax while they remain in the plan.

There is a choice of three different funds to invest in. Contributions also may be split between two of the funds. Payroll deductions are invested approximately every two weeks. The following information reflects activity for each fund from the date of the first investment: June 1 through Sept. 30, 1983.

Fund 1—Pizza Time Stock

Contributions to this fund totaled \$113,242.10 which as of Sept. 30 were valued at \$91,269.76. This represents a decline of 19.4% over the four month period.

Fund 2—Dodge & Cox Stock Fund

Total contributions were \$67,265.52 which were valued at \$69,233.58 as of Sept. 30, for a 2.9% increase in value. This four month performance represents a compound annual return of roughly 14%. The fund is invested in a diversified portfolio of companies, including Exxon, Upjohn, IBM and General Electric.

Fund 3—Metropolitan Life Insurance

Total contributions to this fund were \$82,987.11 and were valued at \$84,328.81 as of Sept. 30. Each time contributions are invested in this fund they begin to earn the fixed annual rate of 10.3%.

Remember that Jan. 1, 1984 is an important date. That's when employees may enroll as a new participant or change investment funds and percentage of contributions. An important announcement and further information regarding the plan will be distributed soon.

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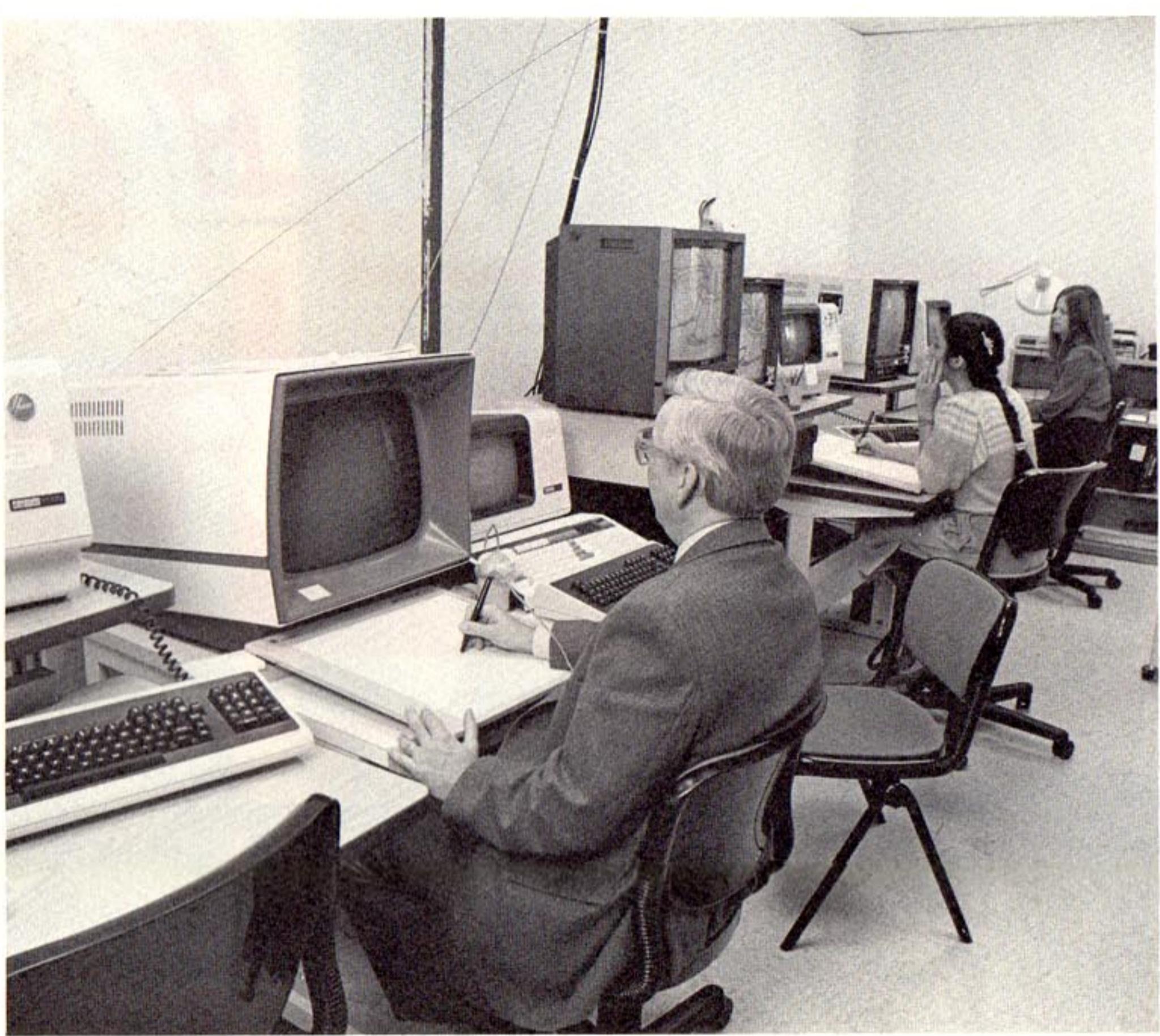


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Editor Jon Porter
Writer Nancy Gilbaugh
Layout Editor Karen Mitchell
Layout Designer Bob Hardenbrook
Illustrator Jeffrey B. Severn
Production Supervisor Jennifer Alves

Halloween at Chuck E. Cheese's

Chuck E. met a couple of junior Pizza Time Players at Ft. Myers, Fla. (below). Employees at the Boise, Id. (top right) and Arlington, Tx. (below right) stores got in the spirit of Halloween by dressing up.



Pizza Time's Kadabrascope animation studio worked around the clock finishing the Christmas cartoon special for this year's holiday season. Video cassettes were shipped the day after Thanksgiving to all stores. The story, titled "The Christmas That Almost Wasn't," deals with the adventures Chuck E. and Jasper have when they head for the North Pole to deliver a letter to Santa Claus. The story was specially written for Pizza Time Theatre and features original music. Pictured at the Computer Assisted Animation System are, left to right, Jack Nichols, project coordinator, at one of the image generators; Trisha Galvis-Assmus at the background color computer; and Anne Meisner at the recording station.

Entertainment News

The wardrobe department worked at full speed this summer making Helen Henny cosmetics. Supervisor Kathy Hopp and her staff worked hard to meet the Sept. 1 goal of getting Helen in every unit. "Everyone really pitched in on the project. Even electro-mechanical assemblers and secretaries were helping out to make sure Helen was in the stores as soon as they received the new show tape."

And their hectic schedule is continuing. For this year's Christmas skit the Cyberamic characters will have seasonal hats and other decorations.

But the biggest change is coming

next year, when the Pizza Time Players debut their rock 'n' roll show. This will be the first show to feature different costumes for the characters. Pasqually and Jasper will be dressed in the 1950's styles, Munch will be a flower child of the '60s, Helen Henny will be a flashdancer, and Chuck E. will emerge as a 1970's glitter rocker.

Jul Kamen, together with Kathy Hopp and Tina Ahmann, designed the outfits for the Players. "It will give the characters a completely new look and add a lot of color to the show," Jul said. "This should be the most popular skit Pizza Time has ever done."



Winners



The cast of the Wayne, N.J., Chuck E. Cheese's lets the world know who's number one! Management pictured includes (back row center, left to right): Frank Tokes, general manager; Steve Lindemann, manager trainee; Bill Davis, district director; Spyros Lenas, owner; Tom Dolan, manager; Spyros Lenas, Jr.; Janice Brandon, promotional coordinator; Ed Moore, assistant promotional coordinator; and Alex Gotilla, director of operations.

Daytona Beach Wins Store Wars

The Daytona Beach, Fla., Chuck E. Cheese's was the winner of the Eastern Region's "Store Wars" competition. The contest was designed by regional director Joel Petersen "to find the store that best satisfied our customer's needs."

Stores were judged on food quality, entertainment, employee courtesy and other areas important to the customer. Mike Fuhrer, general manager at Daytona Beach, believed the key to winning was his cast's motivation and the development of good departmental supervisors.

The victorious cast members each received a tape player. Pompano Beach took second and West Palm Beach finished third.



© 1983 Pizza Time Theatre, Inc.



Pizza Time Theatre's softball team was Sunnyvale's Summer League 1983 champions. Pictured with their trophy are, left to right (back row): Bob Styczynski, Bob Talbot, Tom Rogers, Randy Avey, Tom Shaver, Skip Hiensley, (front row) Ed Howe, Bob Fleischman, Rich Hutchison, Rody Espanol, and Jon Meuller.

Chuck E.'s Pride Winners

The Wayne, N.J. and St. Petersburg, Fla., stores won the Chuck E.'s Pride award for the second quarter, 1983.

The decision is based on overall excellence of operations, including maintaining high standards of quality, service and cleanliness.

Wayne's Chuck E. Cheese opened in October, 1982. Animated Family Restaurant is the franchise company, with Spyros Lenas the principal.

The winning management team includes Frank Tokes, general manager; Andy Wojciehowski, manager; Alex Gotilla, director of operations; Bill Davis, district director; Tom Dolan, manager; Steve Lindemann, manager

trainee; Janice Branden, promotional coordinator; and Ed Moore, assistant promotional coordinator. Scott Moe is the corporate franchise district director.

The St. Petersburg store's management staff included Jim Sagar, general manager; Jim Neumann, manager; Bill Bryan, store manager; Carlynda Fernandez, promotional coordinator; and Rush Janey, technician.

St. Petersburg is in district 3402 of the Eastern Region. Wally Willon is the district manager; Joel Peterson is the regional director; Ross Bartow is the marketing manager, and Tim Mamalis is the divisional manager.



The St. Petersburg, Fla., store proudly displays their Chuck E.'s Pride Award. Pictured center, left to right, are: Jim Neumann, store manager; Bill Bryan, store manager; Jim Sagar, general manager; Wally Willon, district 3402 manager; and Carlynda Fernandez (in dress), promotional coordinator.



J.J. Ballanger, 7, is all smiles as he tries out the mini Trans-Am his mom, Marci, won in the "Grand Prize Sweepstakes" at the Normal, Ill., Pizza Time.



Three cast members of the Sandy, Utah, store set a record of 34 hours on the trampoline. Their three-man team broke the Guinness Book of World Records listing — set by a six-man team — by one hour. The team, consisting of Jeff Cerney, Mitch Pixton and Robert Van Couwenbergh, held the event near Chuck E. Cheese's in the Sandy Mall as a fund-raiser for Spinabifida.

Employee Franchise Purchase Plan

In line with the company's continuing program to provide major incentives to key employees, Pizza Time Theatre has started the Employee Franchise Purchase Plan. Participation in the plan is reserved for the most loyal and highly qualified employees.

This program gives key employees the opportunity to purchase an existing company store and operate it as an independent franchise. Recognizing that most of Pizza Time's employees don't have substantial amounts of investment capital, the company has devised a plan which lets the employee become a franchisee with a very low initial investment.

General managers, district managers and others who have worked at least a year for Pizza Time Theatre qualify for the program.

Currently, three Pizza Time employees are participating in this plan. Andy Novitski, who operates the Ocala, Fla., store, was formerly an operations analyst and an instructor at Chuck E. Cheese's University. Ed Sewell, who now runs the Mobile, Ala., unit, had been a district director in Texas. Harold Goldbrandson, who runs Fantasy Forest—maker of the walkaround costumes—recently became the operator of the Victorville, Cal., store.

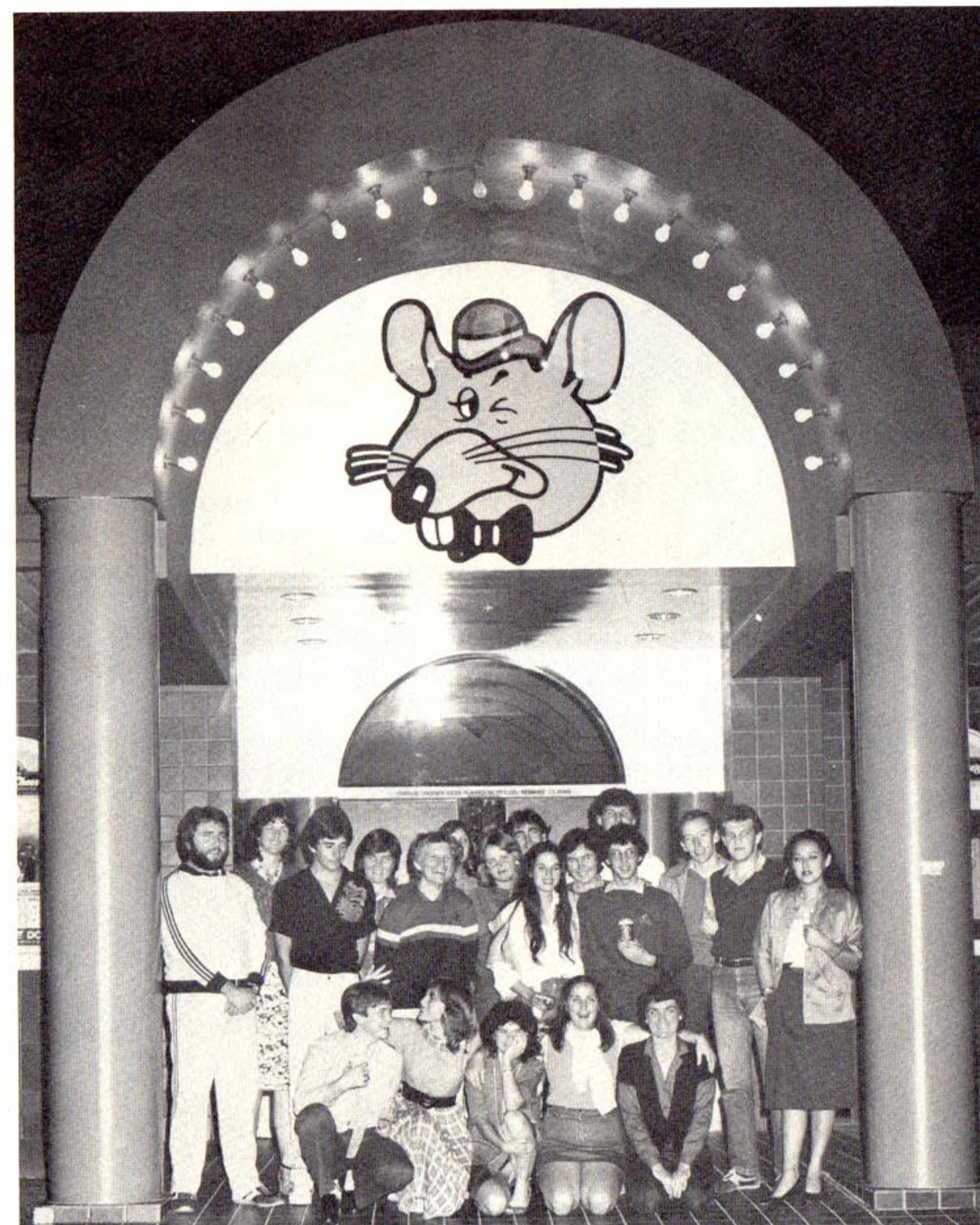


Chuck E. appeared with representatives of the Loves Park, Ill., police and fire departments at a school assembly to thank the kids for collecting cans of food for the needy.



Franchise owners Tom Finnerty (left) and Tim Finnerty (right) join their brother, Brian, in a cake cutting ceremony to officially open the Spokane, Washington, Chuck E. Cheese's. Brian is the general manager.

Franchise News



The crew at Charlie Cheese's Pizza Playhouse in Queensland, Australia, celebrated after two weeks of record sales. General Manager Jim "Bo" Ryan is on the far left.



Robert Go (left), chairman of Whimsy Company Ltd. (our Hong Kong franchisee), and Lim Tow Seng, chairman of Emporium Holdings Ltd. (a chain of Asian department stores), are congratulated by Chuck E. after signing an agreement for a joint venture in Singapore. The partnership, called Whimsy Recreation (Singapore) PTE Ltd., will develop two Chuck E. Cheese's in Singapore, the first opening in Katong.



Miss Sandy City and other town officials helped Chuck E. celebrate the opening of the Sandy, Utah, Pizza Time Theatre.

New Stores Open

During the third quarter six franchised stores opened. In August, Dolli & Associates opened its third store, in Newington, New Hampshire. McKnight Development also opened its third unit that month, in West Mifflin, Penn. In Canada, Delphi Investments, Ltd., opened a second unit, in Burlington, Ontario.

In September Santa Rosa Enterprises opened the first Chuck E. Cheese in Puerto Rico, in San Juan, while Canadian Pizza Shows opened its third unit, in Willowdale, Ontario. Also in September, Restaurant Entertainment's sixth store opened, in West Valley, Utah.

Chuck E. Cheese soon will be adding additional overseas units. Among the locations coming up are Cretail, France and Ealing, England. Also, an agreement recently was signed by Whimsy Recreation to build two stores in Singapore.

In the U.S., franchises are still available, including Kansas, Nebraska, Iowa and Vermont.

Sales Soar in Hong Kong

Chuck E. Cheese's in Hong Kong, franchised by the Whimsy Company, Ltd., recently had weekly sales of nearly \$50,000. This is an amazing figure considering their large pizza sells for only \$6!

"We've had as many as 8,000 people visit our store on the weekends," said franchise principal Gus Chow. "Customers are so anxious to see our concept that long lines form from 11:30 a.m. to 8 p.m."

The 9,000-square-foot store, which offers waiter service, currently has English-speaking Cyberamics that soon will be translated into Chinese.

Whimsy Company has plans to open additional units, including another Hong Kong location, as well as a store in Singapore.





Characters try out the new Tinker Towers in Fort Myers, Fla.



"The Big C" poses with the undefeated Chuck E. Champs of Louisville, KY.



Ken Norton, former world heavyweight boxing champion, visits with the Springfield Pizza Time Players while representing the Illinois State Fair as grand marshall.



Arnold Schwarzenegger gets to meet Chuck E. while attending a seminar in Boulder, Col.



Victorville, Cal., promotional coordinator Liz Siebert and Chuck E. met country singer Johnny Lee at the San Bernardino County Fair.



The Westminster and Aurora, Col., stores sponsored a promotion with the Dairy Association by entering Chuck E. and Munch in a cow milking contest.

Starring the Stores



Chuck E. amused the crew of a cruise ship by taking his amphibious auto for a spin on the delta near Sacramento, Cal.



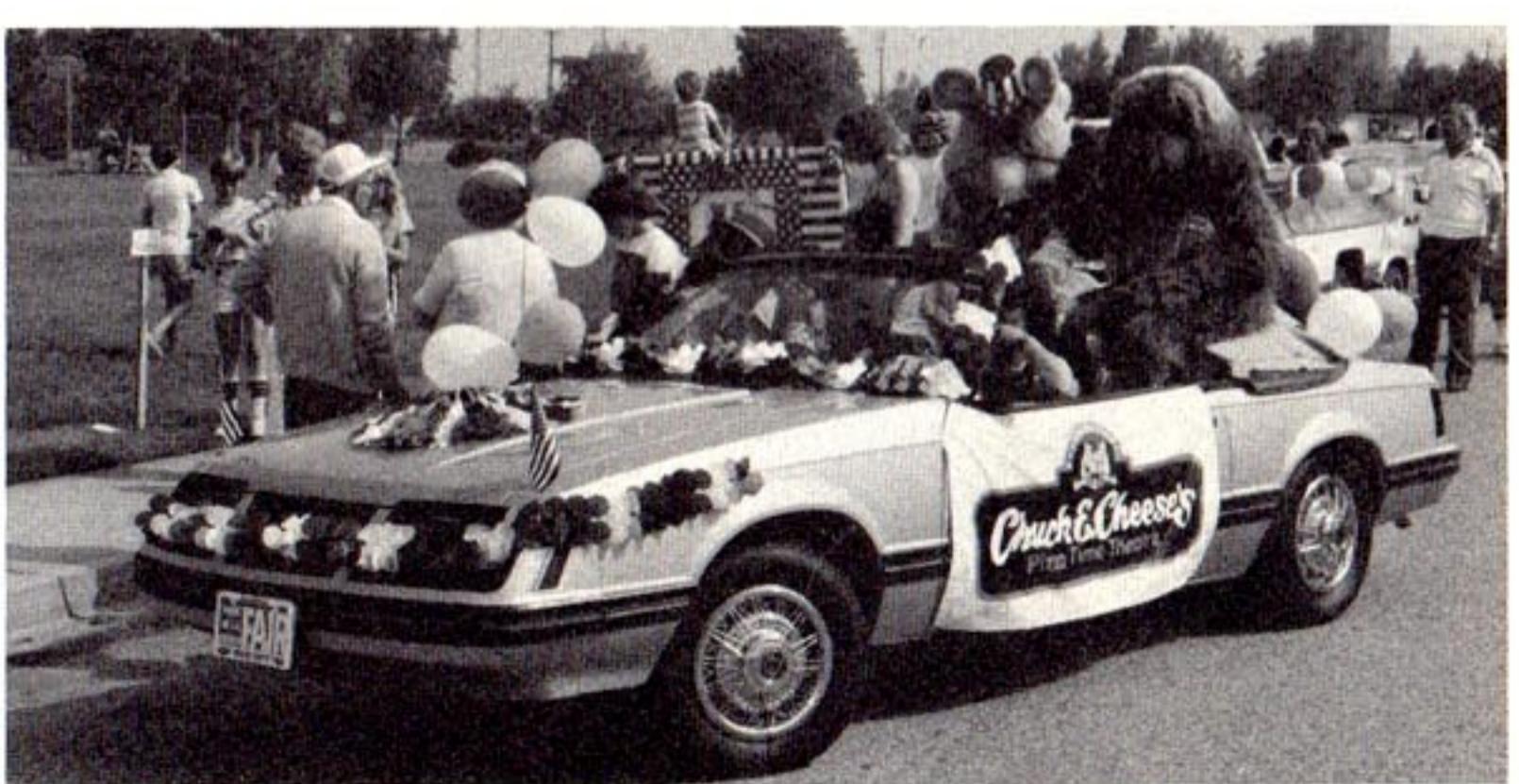
The Pizza Time Players and friends enjoy a fire engine ride during "Bike America Day" in Beaverton, Ore.



E.T. joins Chuck E. and Munch for an afternoon of fun at the first annual Health Fiesta in McAllen, Tx.



Chuck E. is visited by the Junior Bowling League at the Bakersfield, Cal., store.



Chuck E. wins first place at LaVerne, California's Independence Day parade.



Chuck E. hands out chocolate kisses during the Temple, Tx., Fan Club party.



Chuck E. plays a cowboy at the Salinas, Cal., rodeo.



Chuck E. and his friends went for a race in hot air balloons during an Anchorage winter carnival aimed at alleviating "cabin fever."



The Tyler, Tx., store features a live variety talent show every Monday night that plays to standing room only audiences in the King room.



Jasper makes a new friend at the "It's a Small World Festival" in Rochester, NY.



Chuck E. was grand marshall at the Killeen, Tx, pet parade.



Uncle Sam visited the Pensacola, Fla., store to wish Chuck E. a happy birthday.



Mike McGee, left, general manager of the Waco, Tx., store and Chuck E. appeared on a local TV station to give the weather report and talk about Pizza Time Theatre.



Chuck E. helped his young friends decorate cakes for the "Good Morning Hong Kong" television show.



Leslie Uggams and her son celebrated his birthday at Chuck E. Cheese's in Canoga Park, Cal.



Chuck E. meets radio personality Rocky Raccoon in Atlanta.



Chuck E. got his teeth checked at the "Child Keeper's Clinic" held in Lake Worth, Fla.



Chuck E. was awarded the key to the city of Melbourne, Fla., by city councilwoman Lorretta Isenburg for participating in a root-a-thon to raise money for the fight against muscular dystrophy.



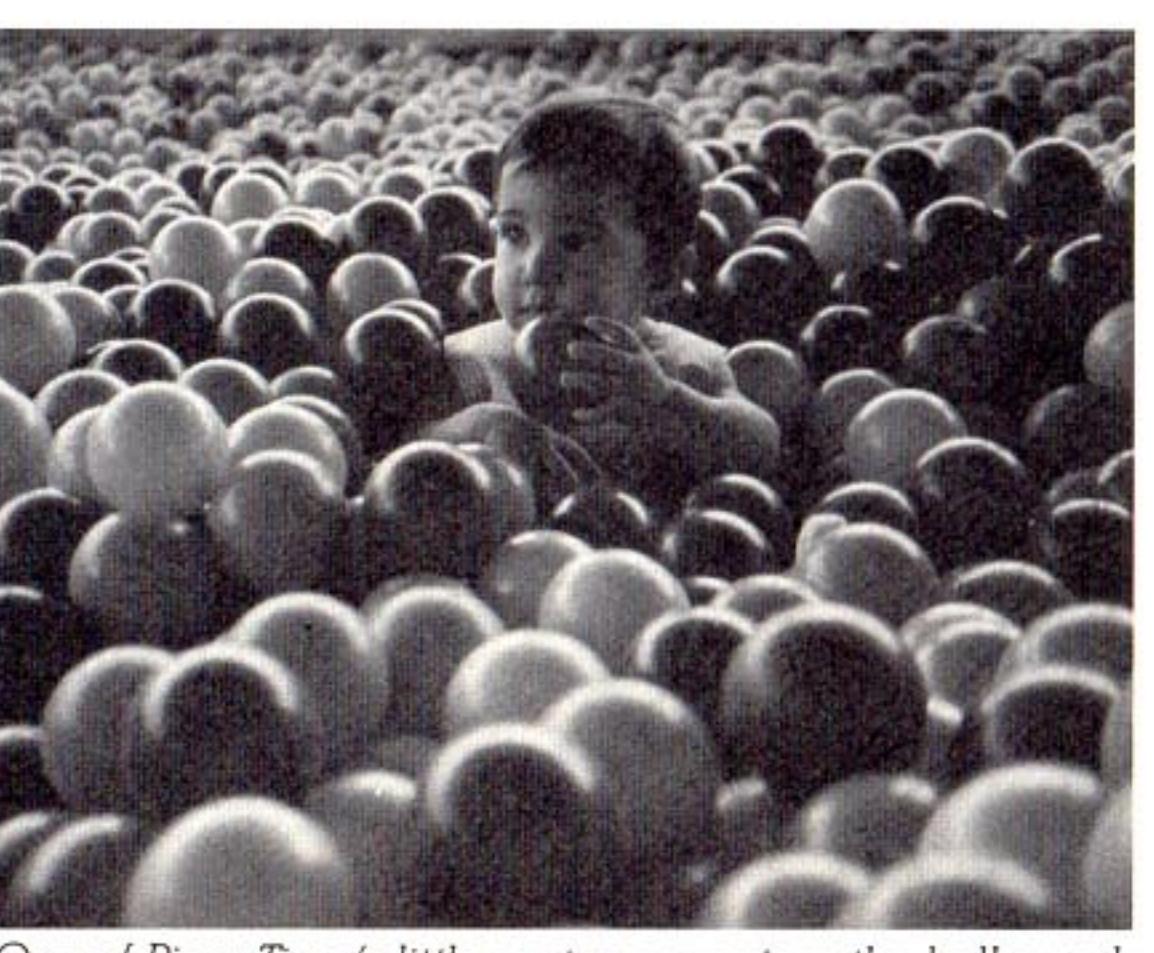
The Schenectady, NY, Pizza Time Theatre sponsored a walk-a-thon for the Muscular Dystrophy Association and raised \$1,500. Pictured, marketing manager Sue Maselli reads about the results with two of the participants.



Chuck E. rides a pony at a festival in Clinton Park, Md.



Jasper and his pal attended the Fourth of July parade in Greenfield, Wis., where over 7,000 Chuck E. Bucks were passed out along the parade route.



One of Pizza Time's little customers enjoys the ball crawl at Commack, NY.



Chuck E. greets Al Jardine of the Beach Boys at the Harrisburg, Pa., Pizza Time.



Miss Smurfette from the Ice Capades visited Chuck E., Jasper and a friend at the Pearl City, Hawaii, Pizza Time.



Kids at the Skyline Country Club golf camp visit Chuck E. in Tucson.